

MINUTES OF MEETING

November 13, 2007



The meeting was called to order at 3:05 p.m. and the following members were present:

Robert Carlson, Chair Terry McGuire for John Chiang, Vice Chair Jim Zerio for Bill Lockyer Tony Oliveira Kurato Shimada Charles Valdes

Excused Member(s): Marjorie Berte

Other Board Member(s) present: None

AGENDA ITEM 2 – APPROVAL OF SEPTEMBER 7, 2007, MEETING MINUTES

The minutes were approved as presented.

AGENDA ITEM 3 - CHIEF AUDITOR'S REPORT

Larry Jensen, Chief Auditor, Office of Audit Services, presented a matrix reflecting the status of various activities occurring within the Office of Audit Services to the Committee as an information item.

AGENDA ITEM 4 – DRAFT AUDITED FINANCIAL STATEMENTS

The draft version of the Basic Financial Statement for the year ending

June 30, 2007, as audited by Macias, Gini, & O'Connell, LLP, and the transmittal letter to Governor's Office and Honorable Members of the Legislature, was presented to the Committee by Mr. Jensen, Russell Fong and Alan Lum from Fiscal Services Division, and representatives from Macias, Gini, & O'Connell, LLP as an action item.

On **MOTION** by Mr. Zerio, **SECONDED**, and **CARRIED**, the Committee recommended the Board accept the draft basic financial statements, with the incorporated clarifying statement, as audited by Macias, Gini, & O'Connell, LLP for the year ending June 30, 2007, and approve the letter of transmittal.

Additionally, Mr. Fong informed the Committee that CalPERS CAFR for 2006 was awarded the certificate of achievement for excellence in financial reporting by the Government Finance Officers Association (GFOA). It was noted that CalPERS has received this award from GFOA for the past 10 years.

AGENDA ITEM 5 – AUDITOR RECRUITMENT AND RETENTION

Mr. Jensen presented the Auditor Recruitment and Retention to the Committee as an information item.

AGENDA ITEM 6 – OFFICE OF ENTERPRISE COMPLIANCE QUARTERLY STATUS REPORT

Sherry Johnstone, Chief Compliance Officer, presented the quarterly status report to the Committee as an information item.

AGENDA ITEM 7 – COMPLIANCE OFFICE REPORT

Ms. Johnstone presented a matrix that reflected the status of various activities occurring within the Office of Enterprise Compliance to the Committee as an information item.

AGENDA ITEM 8 – INFORMATION TECHNOLOGY SERVICES STATUS REPORT

Teri Bennett, Assistant Executive Officer, and Terry Bridges, PSR Project Manager, presented a matrix that reflected the status of the PSR and EMBARC Projects to the Committee as an information item.

AGENDA ITEM 9 -BUDGET AND EXPENDITURE REPORT FOR THE FIRST QUARTER OF FISCAL YEAR 2007-08

Russell Fong, Chief, Fiscal Services Division, presented the Budget and Expenditure Report for the first quarter of fiscal year 2007-08 to the Committee as an action item.

On **MOTION** by Mr. Valdes, **SECONDED**, and **CARRIED**, the Committee recommended the Board approve the transmittal letter and submission of this report to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2007, and to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Council.

AGENDA ITEM 10 – FISCAL YEAR 2007-08 MID-YEAR BUDGET REVISIONS (FIRST READING)

The first reading of the 2007-08 Mid-Year Budget Revisions were presented to the Committee as an action item.

On **MOTION** by Mr. Valdes, **SECONDED**, and **CARRIED**, the Committee recommended the Board approve the following:

- 1) Accept the proposed California Public Employees' Retirement Systems' (CalPERS') Fiscal Year (FY) 2007-08 mid-year increase of \$10,113,000 and 49 positions for a total Administrative Budget of \$326,419,948 and 2,212 positions and recommend the Board of Administration approve the Budget as a first reading.
- Accept the proposed CalPERS FY 2007-08 mid-year increase of \$18,369,000 to the Enterprise Projects Budget for a total budget of \$101,925,972 and recommend the Board of Administration approve the Budget as a first reading.
- 3) Approve the transmittal of this agenda item to the Joint Legislative Budget Committee and the Fiscal Committees of the Legislature, the State Controller, and the Department of Finance, in accordance with the FY 2007-08 Budget Act, and to the Legislative Analyst's Office and the State and Consumer Services Agency.

AGENDA ITEM 11 – CURRENT BUDGET ISSUES

Updates were presented on the following issues:

- FY 2008-09 Annual Budget
- Budget Change Proposals FY 2008-09
- Senate Bill 581

AGENDA ITEM 12 - ASSISTANT EXECUTIVE OFFICER REPORT

John Hiber, Assistant Executive Officer, Administrative Services Branch, presented a matrix that reflected the status of several projects to the Committee as an information item.

AGENDA ITEM 13 – PROPOSED 2008 FINANCE COMMITTEE MEETING CALENDAR

The proposed 2008 Finance Committee Meeting Calendar was presented to the Committee as an action item.

THE COMMITTEE RECOMMENDS AND I MOVE the Board approve the 2008 Finance Committee meeting calendar.

AGENDA ITEM 14 – PROPOSED DECEMBER 2007 AGENDA

The proposed December 2007 agenda was presented to the Committee.

AGENDA ITEM 15 – PUBLIC COMMENT

There was no public comment.

The next Finance Committee meeting is scheduled for December 14, 2007, in Sacramento, California.